



Equipment Management News

From the Logistics Management Division

JULY, 2011

Welcome to the latest edition of the Equipment Management News. This newsletter is brought to you by the Logistics Management Division (LMD) and is meant to provide you the latest business practices on equipment management, from acquisition to disposal, and to maintain you informed of current events and initiatives impacting the equipment management program.

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THE CENTER BUSINESS PROCESS LEAD (CBPL)

The role of the CBPL **for Logistics** is a critical position and it is recommended that the selected individual has the available capacity to fulfill the obligations of this role. There shall be a Logistics CBPL identified at each Center. The CBPLs for Logistics shall have the ability and authority to speak on behalf of the **Center Equipment Manager and the Property Disposal Officer** on all Logistics issues relating to Integrated Asset Management Property, Plant, and Equipment (IAM PP&E) operations.

The names of the different Center personnel involved in the support of each Integrated Enterprise Management Program (IEMP) application are maintained in the IEM portal <https://iview.ifmp.nasa.gov> and are updated by the CBPLs as needed via the normal IEMP Remedy Service Request System (SRS) process.

The Responsibilities of the Center Business Process Lead are depicted below:

- Acts as primary interface to IEMP Competency Center Application Functional Support Experts and Center Equipment Manager, Property Disposal Officer and Property Accounting for business process improvements, training issues, and reporting requirements for the Center. The CBPL actively participates in problem identification and resolution of all issues in these areas.
- Ensures that staffing needs for all Center roles defined in the Operational Level Agreement (OLA) are identified and notifies management
- Maintains the Center OLA
- Represents Equipment, Property and Property Accounting Business Process Owner(s) concerning changes to Agency Equipment, Property Disposal, and Property Accounting and/or Center business processes
- Serves as the Center's Configuration Control Board (CCB) member
 - Evaluates Center-initiated Change Requests
 - Submits all user-initiated Center Change Requests
 - Prioritizes development and other requests for services from IEMP Competency Center
 - Provides input on pending issues and suggested changes
 - Advises Equipment, Property Disposal and Property Accounting CCB Chair on issues relevant to their expertise
- Engages multiple user constituencies at the Center (e.g., finance, procurement, Project Offices, logistics, resource managers, etc) to ensure issues with the system or business processes are identified and resolved
- Coordinates testing and acceptance of specified system changes as needed

- Establishes and maintains a network of IAM PP&E System Expert Users (including Reporting Lead) at the Center, across all sub-process areas, who shall assist in the support process
- Receives problem escalation notification from IEMP Competency Center and escalates according to Center escalation procedures
- Communicates system activity and outage plans to Center users
- Defines and maintains Center user account approval process
- Coordinates and helps manage the help desk/user support process at the Center, including integration of IEMP Competency Center processes
- Recommends Center and Agency changes as necessary
- Provides recommendations on approval/rejection of change initiatives/requests, and changes to documentation and configuration
- Participates in the weekly Operational Issues telecom and Purchasing/Procurement Super Users/IAM PP&E System Expert Users telecom
- Supports periodic workshops with IEMP Competency Center to access and solve operational and service issues at the Agency level.
- Works with and supports the IEMP Competency Center Business Operations/Training Lead to proactively solve operational and training issues involving IAM PP&E
- Supports collection of performance metrics data to determine if systems are being utilized by Center resources as intended to deliver expected benefits. Initiates corrective actions as needed
- Ensures Center users are adequately trained to utilize the systems
- Reviews the monthly Service Level Agreement (SLA) report from IEMP Competency Center and comments as required

ACCOUNTABILITY OF ARTIFACTS AS EXHIBIT ITEMS

NASA HQ-LMD is developing an agency policy to establish the authority, requirements, responsibilities, and procedures for the accountability of NASA artifacts (including shuttle tiles) in the loan/exhibits program. **The policy does not govern artifacts transferred out of NASA in the form of donations in the disposal program.**

The policy establishes a new category of equipment within the database of controlled NASA assets. These items will be identifiable by a unique attribute entered in the Equipment Master Record; therefore recording, accountability and management of these artifacts is required in the PP&E system.

For this purpose, I requested all Equipment Managers to contact their corresponding Exhibit Managers to coordinate and to obtain an up-to-date density of exhibit items (equipment listing), including the assigned ECN numbers (if applicable), their location, and whether these assets are in storage available to be loaned or on loan status.

A total of 1,393 exhibit items were reported Agency-wide, including 21 aircraft. The next phase of this project is to ensure that these items are properly catalogued; that an Equipment Control Number is assigned to each item, and that a picture is uploaded in the PP&E system to better identify the exhibit items for or during inventory campaigns.

THE EQUIPMENT END USER

The definition of End User and associated responsibilities is one topic that has been recently discussed among the equipment management community and needs some clarification or reinforcement. Let's see what other Federal agencies sustain:

For instance, NOAA, a bureau within the Department of Commerce, defines End User as the employee who has responsibility for the proper care, handle, use, and protection of Government property issued to the employee for his or her use at or away from the office or station. According to NOAA, the responsibilities of an End User include:

- Ensuring the proper use, care, and protection of all personal property in their possession, custody, or control;
- Ensuring that personal property in their possession, custody, or control is used only for Government purposes and not for personal or private use; and
- Reporting immediately to superiors any personal property that is lost, missing, damaged, or destroyed.

The End user responsibilities start the moment NASA equipment is assigned to an employee. That is why it is important to recall NASA Policy Requirement, NPR 4200.1G, Appendix G, which states that one of the responsibilities of property custodians is to further assign responsibility, safeguard and stewardship of government property to the lowest level, or End User. It is a common business practice to assign responsibility to End Users for the equipment they personally utilize in the performance of their duties.

Moreover, NPR 4200.2B, Paragraph 2.4, indicates that it is the user's responsibility to follow all rules and regulations associated with the property in their control. NASA employees have the responsibility, as users of Government property, to protect and conserve all equipment, supplies and other property and materials entrusted to them, and may be subject to financial liability or disciplinary actions as a result of their actions. Therefore, End users have direct personal responsibility for the equipment in their use.

NPD 4200.1B, Section 5, further indicates that personal responsibility for Government property is the obligation of each employee using the property, whether or not such property has been specifically

issued, assigned, or loaned to the employee. An employee may be held **financially liable** for the loss, damage, or destruction of Government property when the loss, damage, or destruction is due to the employee's negligence, dishonesty, misconduct, or misuse of such property.

UPDATES

1. RFID Study

The purpose of the RFID study is to provide a Business Case Assessment for the application of RFID technology throughout NASA to track personal property; to identify advantages and disadvantages, and to discuss the best application of the technology at NASA.

During the June 2010 NASA-wide Logistics Conference, a discussion of the ongoing and the recently completed studies of RFID application at several of the Centers introduced the need for one comprehensive study to explore the potential application of RFID at NASA. As a result, the Director, Logistics Management Division, committed to assess the advantages and disadvantages of implementing RFID technology for NASA-held equipment requiring inventory counting on a routine basis.

The RFID study was undertaken in order to get an overall agency perspective of the potential benefits of RFID technology. The study was completed on March 31, 2011, and it required collecting RFID background information; performing analysis of current NASA and other Federal and commercial inventory and equipment management practices and policies; providing examples of cutting edge RFID commercial and government applications; and, summarizing RFID technology and/or studies conducted by NASA Centers as well as Department of Defense and commercial applications.

The study ended with an analysis of the findings; providing recommendations based on the conclusions; and, introduced opportunities and observations beyond the assessment parameters. The research also identified areas of concern regarding the implementation of RFID technology.

The study concluded that RFID implementation has the potential to expedite the inventory reduce inventory cost, reduce equipment losses, and enhance equipment accountability. It also revealed that – the greatest benefit to NASA would be to implement across the Agency, however the challenge of cost to implement and sustain was noted as a primary deterrent at this time.

2. NPD 4200.1B (Equipment Management)

The expiration date for NASA Policy Directive NPD 4200.1B has been extended until April 30, 2012. The NPD is presently under revision to include updates to business practices and terminology. Some of the proposed changes to the NPD are outlined below, and the equipment management community will have the opportunity to review and comment as part of the official revision in NODIS.

- a. The term “**Administratively Controlled Equipment**” in lieu of “Non-Controlled Equipment” to ease the understanding that all assets shall be controlled either by recording them in the PP&E system (for items meeting the controlled criteria), or by applying internal administrative controls to track and manage the items throughout their life span (from receipt to initiation of the disposal process).
- b. The term “**Equipment Held for Future Use**” in lieu of “Inactive Equipment” to ease the understanding that controlled equipment in storage for its potential usage in a future project remains recorded in the PP&E system, and due diligence is necessary to continue accountability, safeguard and maintenance of the equipment for its intended purpose.

- c. The NPD also introduces “**Rolling Stock**” as a category of items within the controlled assets database (accountable equipment) that shall be recorded in the PP&E system. NASA-owned fleet reported to GSA shall match the records in the PP&E database. Rolling Stock, i.e., automobiles, trucks, trailers, etc., that are utilized outside a NASA installation/sub-installation and conduct movement in direct contact with the open road/highway system (road worthy trailers) require the assignment of a Government (NASA) license plate regardless of the acquisition cost of the equipment. The assignment of an ECN number is required for accountability purposes and to obtain a license plate from the NASA’s transportation manager who will include such rolling stock into the Federal Motor Vehicle Registration System (FMVRS). FMVRS is the federal tracking system of all government issued license plate records for use by Law Enforcement Agencies across the United States.
- d. “**Artifacts for Loan**” is included as a category of accountable property consisting of the items that regardless of acquisition cost have been identified as artifacts for the NASA’s Exhibit Loan Program. Center Exhibit Managers shall utilize the PP&E system to manage artifact items until properly disposed.
- e. The updated NPD establishes the requirement for all centers to conduct **annual 100% physical inventories** of NASA-held equipment, including reconciliation, by the end of each fiscal year.

3. NPR 4200.2B (Equipment Management Manual for Property Custodians)

The expiration date for NASA Procedural Requirements NPR 4200.2B has been extended until May 19, 2012. The NPR is under revision and we aim to update the NPR in accordance with the changes made to NPR 4200.1G and the proposed changes to NPD 4200.1B.

4. NASA FORM 892 (Employee Property Pass/Loan Agreement and Removal Permit)

A review of existing equipment management forms revealed that there is a different form for the same purpose utilized at each center. The valuable feedback received from equipment managers and SEMOs resulted in a revised NASA Form NF 892 and a new NF 892A (continuation sheet) which consolidate the major features of 10 similar existing forms and standardizes the documentation to support temporary equipment loans/passes to NASA employees and on-site contractors.

The requirement to use the updated NF892 (and completion instructions) will be included in the corresponding NPR as part of our standardization efforts. Center Form Managers shall submit cancellation of the center forms superseded by NF892 and NF892A, which will also be available in N-PROP.

The following are the forms superseded by the updated NF892 and NF892A:

- a. NASA Form 892 (Property Pass Request and Removal Permit)
- b. NHQ Form 292 (Equipment Loan Agreement)
- c. MSFC Form 4241 (Employee Equipment Loan Agreement)
- d. MSFC Form 4241-1 (Employee Equipment Loan Agreement – Continuation Sheet)
- e. MSFC Form 4241F001 (Employee Equipment Loan Agreement) – Electronic Template

- f. KSC Form 31-308 (Employee Equipment Loan Agreement)
- g. ARC 761 (Equipment Loan Agreement)
- h. GRC 8310 (Intra – Center Property Loan)
- i. D-WK 236-8 (FTS Equipment Loan Agreement)
- j. LaRC's electronic version of NF892 (Langley Employee Loan Agreement System - LELAS) to be updated with the new template of NF892.
- k. JSC's electronic version of NF892 and other forms with application of electronic signatures via Public Key Infrastructure (PKI) which greatly reduces the time it takes for property custodians to obtain required signatures from their organization before the forms can be submitted to the JSC SEMO for approval.

LOOKING AHEAD

There are program topics that the equipment management community continues to address. Some are brought up to our attention as policy requiring update, some as inquiries on common business practices that are not cost effective in the daily operations, and some that are non-compliant with governing regulations. I would like to share with stakeholders the equipment management issues that we are/will be revising for the improvement of the program:

- Compliance with NASA's equipment dollar threshold for inventory management (Chap 3, NPR 4200.1G)
- Continue the consolidation of Equipment Management forms
- Policy revision on walk-through inspections (Para 3.6.5, NPR 4200.1G)
- Inventory Schedules and reporting to HQs

EVENTS

1. The CCR Team Visited GRC

The Compensating Controls Review Team visited the Glen Research Center from May 9th through 13th. The CCR process was instituted to evaluate the adequacy and consistency of Agency policy execution and procedural compliance with NASA guidance in Logistics Management Operations which incorporates the areas of equipment, disposition, warehousing and storage, mail management, supply, transportation/fleet management, and contractor property management.

2. The CCR Team will Visit SSC

The Compensating Controls Review Team will visit the Stennis Space Center from August 8th through August 12th, 2011.

Among the major areas of emphasis for equipment management are:

- Center Equipment Loss Rate
- Walk through Inspections
- Inventory Management
- Physical Inventory of a Data Sample
- Accuracy of the PP&E Database
- Inactive or Idle Equipment
- Accuracy of Equipment in “Out Status”
- Equipment Utilization
- Training
- Program Awareness
- Property Custodians
- Sensitive Items
- Equipment Distribution
- End Users

3. NASA HQ Funds enrollment to NPMA National Education Seminar

NASA Headquarters funded the registration of eight employees to participate in NPMA's National Education Seminar, the only conference in the world dedicated to the profession of personal property and fixed-asset management. The seminar will be held in Las Vegas, Nevada, from July 25th through July 28th, 2011.

The seminar offers over 100 property management related and career enhancing breakout sessions where employees will learn from respected industry experts. Some of the sessions include:

- Contract/Contractor Property
- Professional Development
- Executive/Management
- Special Interest Groups (SIGs)
- Federal/Agency Property
- Standards/Best Practices/General
- Introduction to Property Management/Property 101
- Technology
- NASASP-Targeted Sessions
- University/Research Property

KUDOS

1. GRC Disposed of Russian Equipment

The Glen Research Center took a proactive approach to report, to obtain disposition instructions, and consequently properly disposed of Russian equipment located at the Center since the early 90's. Continuous communication among representatives from the NASA HQs Office of International and Interagency Relations, the Logistics Division, GRC representatives and Russian officials resulted in the abandonment in place of subject equipment by the Russian Government.

The Institute of Biomedical Problems (IMBP) as a representative of the Russian Space Agency determined that the equipment shipped to Glen for the Joint NASA/Russian Working Group on Space Biology and Medicine Telemedicine Space Bridge Experiment/Demonstration was no longer needed; as a result, the Russian Federation and Roscosmos relinquished title of the cited equipment to the United States Government and voluntarily abandoned the equipment at Glen for final disposition.

2. Equipment Management Community Participated in NPMA Webinars

Kudos to the Equipment Management Community for making the three webinars funded by NASA Headquarters a success. Last January, NASA Headquarters funded three webinars offered by the National Property Management Association (NPMA). The webinars were offered in different dates and were simultaneously broadcasted to NASA Centers. A total of 162 personnel participated, including Property Custodians, SEMOs, IPOs, PDOs, and stakeholders in general. Your demonstrated interest is a clear indication of the importance you give to professional development and consequently the improvement of NASA's equipment program.

ARTICLES OF INTEREST

1. Property Inventory ... Why, When, How!

It is important to recognize that the word "inventory" means different things to different people. Those who work with either expendable material used in a production process normally think of "inventory" as a listing or a quantity of items on hand and their control. Others who are involved in the accountability of fixed assets and movable capital equipment think of "inventory" as the process of physically counting by type, quantity, and reconciliation to the organization's records.

The article deals with the counting and reconciling of an inventory and includes the various purposes of the inventory, the frequency of the counting process, proposed pre-inventory plans and considerations, different types of inventory techniques in general and some advantages and disadvantages of each method. It briefly explains physical wall-to-wall inventories, sampling techniques, inventories by exception, and the application or bar coding to the inventory process.

You may access the article at the following link: <http://www.npma.org/Archives/NONE-87.pdf>

Additional articles of interest directly related to the physical inventory process:

2. Things I Wish I Understood BEFORE the Inventory, Part 1

By John J. O'Shaughnessy, CPPM/CF

<http://www.npma.org/Archives/12-1-o'shaughnessey.pdf>

3. Things I Wish I Understood BEFORE the Inventory, Part 2

By John J. O'Shaughnessy, CPPM/CF

<http://www.npma.org/Archives/12-2-o'shaughnessey.pdf>

4. Liable or not Liable - That is the Question!

Pecuniary Liability for Loss, Damage or Destruction of Government Property - Part II

By Chris Thompson, CPPM

"In my last article titled "Pecuniary Liability for Loss, Damaged or Destroyed Government Property," a major focus was the impact of the decision by the Comptroller General (CG) in the *Matter of Department of Defense—Authority to Impose Pecuniary Liability by Regulation*, B-280764, May 2000. That decision, in summary, prevented an agency's ability to issue policies and hold employees financially liable because the agency did not have statutory authority. That decision, at the time, raised many eyebrows and lawyer interest levels across the Federal Government and established new precedents in how pecuniary or financial liability for negligent conduct relating to lost, damaged or destruction of property could be assessed within federal agencies.

As I noted in that first article, liability can be a very complex subject. More often than not, we never fully realize the depth of its complexity, what drives the rules and how they should be applied. We have seen this in the contract world and more recently, in the federal world. This article presents new arguments from the Attorney General (AG) about the authority that federal agencies had been given under "housekeeping" rules to assess pecuniary or financial liability. The decisions from the CG are considered non-binding on the Executive Branch, but may be useful as references.

In May 2000, the CG issued the *Matter of Department of Defense — Authority to Impose Pecuniary Liability by Regulation*, B-280764. The Department of Homeland Security's Chief Counsel supported the CG and decided we could not assess pecuniary liability without specific statutory authority. This left us with disciplinary action as the only real avenue that could be taken by managers for employee negligent conduct relating to loss, damage or destruction of property. This was until a decision in 2008 by the AG.

In May 2008, the Environmental Protection Agency (EPA) sought guidance from the AG as to whether they could hold employees liable for negligent loss, damage, or destruction of government personal property or for the unauthorized personal use of agency-issued cell phones.

EPA based their position on the fact that the policy on the treatment of government personal property was contained in the agency's *Personal Property Policy & Procedures Manual* (better known as the Property Manual), available to employees on the agency Intranet. The EPA felt that the Property Manual *constitutes the authoritative reference for EPA's management of personal property and that EPA employees are responsible for properly caring for, handling, utilizing, and being accountable for EPA personal property assigned for their use within or away from an EPA facility, as well as for ensuring that personal property in their possession, custody or control is used only for official authorized duties, except as allowed per EPA Order 2100.3, Policy on Limited Personal Use of Government Office Equipment*. The Property Manual *notifies employees of their duty of care and*

requires them to acknowledge that responsibility by completing certain forms before taking custody of EPA property. In addition, the EPA Property Manual expressly provides that employees may be held liable for any government property in their care that is lost, damaged, or destroyed through their negligence.

The AG took into account the initial EPA position and found that federal departments and agencies may appeal to several sources of authority to promulgate rules concerning their employees' care for government property. In this particular case, 5 U.S.C. § 301 provides the heads of "Executive departments" with a general "housekeeping" authority to prescribe rules for the conduct of their department's employees and "the custody, use, and preservation of its records, papers, and property." Historically speaking, 5 U.S.C. § 301 goes back to when statutes were enacted to give heads of early government departments authority to govern internal departmental affairs.

The AG subsequently determined that the EPA Property Manual and EPA Order 2100.3 regulated the custody, use, and preservation of EPA property and the conduct of its employees. Thus, these rules concern "internal departmental affairs," and would constitute a proper exercise of "administrative power" pursuant to the statute, which includes the authority to establish penalties for violations of agency regulations. They also concluded that the rules contained within the Property Manual and EPA Order 2100.3 constitutes binding and enforceable regulations. If EPA had submitted these rules for notice and comment and published them in the *Federal Register*, there would likely be little ambiguity about whether they constituted regulations binding within the agency. EPA has not done so in this case, however, because the Administrative Procedure Act (APA) expressly exempts rules related to internal agency governance from those procedural requirements. Accordingly, the fact that EPA's rules were not promulgated in a notice and comment rulemaking process does not deprive them of legal effect; rather, as courts have held in analogous circumstances, an agency personnel manual may constitute a "regulation" that is binding within an agency even if "it was not promulgated and published in accordance with the requirements of the APA."

The AG continued its review and found that statements contained within agency policy manuals constitute binding agency regulations and is a question that has arisen in a variety of contexts. Although not every agency statement constitutes a binding regulation, "the general consensus is that an agency statement, not issued as a formal regulation, binds the agency . . . if the agency intended the statement to be binding." Applying this standard here, we believe that the EPA rules in question bind both the agency and its employees. The Property Manual describes itself as constituting the "authoritative reference for EPA's management of personal property" and states that it "provides basic policy and procedures governing the personal property management of EPA." The manual also expressly notes that it is a "supplement to the portions of the *Code of Federal Regulations (CFR)* and the *Federal Management Regulations (FMR)*" that provide the legal framework for the treatment of federal property.

Similarly, EPA Order 2100.3 A1 states that it "provides *the EPA policy* permitting limited personal use of government office equipment during non-work time" and replaces "any previous memoranda and policies regarding personal use of government office equipment." EPA Order 2100.3 A1 (emphasis added). Like the Property Manual, EPA Order 2100.3 A1 describes its status as on par with other binding legal authorities. Accordingly, the EPA policies at issue make clear "that they were designed to be binding on the agency" and on employees alike. Those policies therefore qualify as regulations enforceable by EPA when agency property is damaged due to employee negligence or additional costs are incurred due to unauthorized use.

For the foregoing reasons, the AG concluded that EPA's rules regarding employee liability for loss, damage, or destruction of government personal property and for the unauthorized use of government

personal property are supported by EPA's housekeeping authority.

This is a complete and distinct change of how and when pecuniary or financial liability can be assessed and reinforces the development and issuance of policies and procedures that have been the "authoritative reference for the agency's management of personal property" as the foundation for pursuing financial liability! What this really means is that there is much work to be done. As long as there is complete disclosure to the agency in writing, the intent to hold personnel liable and the methods involved in determining and documenting that liability, the agency can assess and collect finances for loss, damage or destruction relating to negligent conduct. However, this is not a simple snap of the fingers process. It takes months and possibly years of work to build and ensure the correct infrastructures are in place before an agency can ever reach a point of collecting finances for loss, damage, destruction or theft of personal property relating to negligent conduct. Any agency's collection actions before ensuring all touch points have been carefully evaluated, that even smells of weaknesses or non-standard decision-making, could result in claims from unions or require subsequent return actions from the original board determining the financial liability.

Homeland Security has a long way to go before reaching the point where they can safely state that all potential touch points have been thoroughly evaluated and that they have a solid program for assessing, determining, calculating, reporting, reviewing appeals, collecting finances and making sure all the internal controls are in place and working for loss, damage, destruction or theft of personal property relating to negligent conduct. In the meantime, supervisors must make sure they are documenting actions and employee activities regarding loss, damage, destruction or theft of personal property relating to negligent conduct. We knew a long time ago that documentation in property and asset management is an absolute must. There is nothing new here."

For the complete article please access the following link:

<http://www.npma.org/Archives/Thompson%20June%202011%20PP%20Mag.pdf>

CONTACT US

Your involvement, understanding, and feedback are essential to make the Equipment Management Program a success. Please send us your questions/comments by calling or emailing:

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